



**DIVISION OF FINANCE**

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Debra Hardman  
Acting Commissioner

February 14, 2017

The Honorable Eric R. Greitens, Governor  
State Capitol Building  
Room 216  
Jefferson City, Missouri 65101

Re: Report to General Assembly pursuant to section 408.506, RSMo

Dear Governor Greitens:

The Division of Finance has, in accordance with section 408.506, RSMo, conducted a survey by mail of payday lenders operating pursuant to section 408.500. The reporting timeframe was October 1, 2015 through September 30, 2016. The summary is based on a 90.1% return of surveys by the industry. The attached chart (Exhibit A) details the results of the survey and also provides historical data for comparison. Some highlights include:

- 825 payday loan licenses were issued during calendar year 2016. Lenders closed and opened locations throughout the year with 725 being the approximate average number active at any given time.
- The total number of payday loans made during the reporting period exceeded 1.62 million. (For purposes of this survey, a renewal was treated as a separate loan.)
- The average loan was \$314.93 and the average interest rate was 462.87%. This would result in an interest/fee of \$55.91 for a 14-day loan.

The Division of Finance accepts all types of consumer complaints, including phone calls, email, fax, mail, etc. While most of the contacts from citizens were resolved by explaining the law, the Division did document 8 complaint files during the reporting period. Complaints consisted of issues such as checks being deposited early, collection tactics, proper credit of payments, and customers being unable to make payments due to the location being closed. Most cases were resolved by telephone with the licensee.

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The Division of Finance continues to perform examinations of all payday lenders and overall compliance with current statutes continues to be monitored. During 2016, 98.3% of the licensees examined received a satisfactory compliance evaluation. Refunds totaling over \$204,100 were ordered. Cease and desist orders are issued in instances of serious non-compliance. During 2016, there were no such orders issued.

As section 408.506 RSMo also requires the Division to summarize the payday loan laws from contiguous states, we conducted a survey of such states' laws. The results may be found in Exhibit B attached.

We believe the foregoing satisfies the requirements of section 408.506 RSMo.

Very truly yours,

A handwritten signature in black ink that reads "Debra Hardman". The signature is written in a cursive style with a large, stylized "H" and "A".

Debra Hardman  
Acting Commissioner of Finance

Enclosures (2)

## Payday Lender General Assembly Report

|                                       | January<br>2009 | January<br>2011 | January<br>2013 | January<br>2015 | January<br>2017 |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Number of Licenses Issued             | 1,315           | 1,066           | 984             | 904             | 825             |
| % Change from previous                | -15.00%         | -19.00%         | -7.69%          | -8.13%          | -8.74%          |
| Number of Active Licenses (approx)    | 1,275           | 1,040           | 934             | 898             | 725             |
| % Change from previous                | 1.03%           | -18.43%         | -10.19%         | -3.85%          | -19.3%          |
| Number of Loans Made*                 | 2.83 million    | 2.43 million    | 2.34 million    | 1.87 million    | 1.62 million    |
| % Change from previous                | -1.40%          | -14.13%         | -3.70%          | -20.08%         | -13.37%         |
| Average Loan Amount*                  | \$290.29        | \$307.56        | \$306.12        | \$309.64        | 314.93          |
| Average Number of Renewals*           | 1.7             | 1.6             | 1.5             | 1.6             | 1.6             |
| Defaulted Loans*                      | 172,954         | 146,880         | 122,364         | 111,342         | 84,152          |
| % of Total Loans Made                 | 6.12%           | 6.03%           | 5.23%           | 5.95%           | 5.18%           |
| Average Annual Percentage Rate (APR)* | 430.68          | 444.61          | 454.62          | 451.91          | 462.87          |

\*Based on figures provided by industry surveys.

## PAYDAY LOANS IN CONTIGUOUS STATES

|           | Licenses   | Maximum Loan   | Rate / Fees   | Term                             | Renewals     | Complaints  |
|-----------|--|--|---|----------------------------------|--------------|---|
| Missouri  | 704  | \$500  | A loan and all renewals thereof may not earn more than 75% of the original principal in interest and fees.  | 14 day minimum<br>31 day maximum | Limited to 6 | During 2016, five regarding licensed lenders, three regarding unlicensed Internet lenders |
| Arkansas  | Industry is no longer regulated in Arkansas; therefore no information to report. |  |   |                                  |              |   |
| Kansas    | 60 companies<br>218 locations  | \$500  | 15% of the loan amount  | 7 day minimum<br>30 day maximum  | Not Allowed  | 7 received in 2015 and 7 received in 2016   |
| Iowa      | 162  | \$445  | \$15% on the first \$100 of the face amount of the check; 10% on each \$100 thereafter of the face amount of the check, or pro-rate for any portion thereof | 31 day maximum                   | Not Allowed  | 5 received in 2016  |
| Tennessee | 1038   | Face amount of the check cannot exceed \$500                 | 15% of the face of the check  | No minimum<br>Maximum 31 days    | Not Allowed  | For 2016, 18 total<br>4 Internet  |
| Kentucky  | 651  | \$500  | \$15 per \$100  | 14 – 60 days                     | No           | Most are against internet lenders, which are illegal in KY                                |
| Nebraska  | 116 main offices plus 64 branch locations  | \$500 at one licensee with no more than 2 checks outstanding | \$15 per \$100 cash advanced  | 34 day maximum                   | Not Allowed  | Few; mostly re: internet lenders and collection activities.                               |
| Illinois  | 500  | N/A  | \$15.50 per \$100   | 120 days max                     | Not Allowed  | Rare  |
| Oklahoma  | 245  | \$500; No more than 2 loans out                              | \$15 per \$100 for the first \$300 and \$10 per \$100 on the next \$200.  | Min. 12 days<br>Max. 45 days     | Not Allowed  | 46 complaints in 2016   |